

**TRANSPORTATION AUTHORITY OF MARIN (TAM)
EXECUTIVE COMMITTEE MEETING
JULY 13, 2005**

Commissioner members present: Peter Breen, Town of San Anselmo
Alice Fredericks, Town of Tiburon
Joan Lundstrom, City of Larkspur
Cynthia Murray, Marin County Board of Supervisors
Lew Tremaine, Town of Fairfax

Commissioner members absent: Al Boro, City of San Rafael
Steve Kinsey, Marin County Board of Supervisors

Staff members present: Craig Tackabery, TAM Executive Director
Kathleen Booth, Recording Secretary

In the absence of the Chair and Vice-Chair, Executive Director Tackabery called the meeting to order at 2:25 PM. He requested nominations for Chair Pro-Tem. Commissioner Breen and Commissioner Lundstrom to appoint Commissioner Murray as Chair Pro-Tem. Motion approved unanimously.

1. Approval of Minutes from June 8, 2005 meeting

Commissioner Breen and Commissioner Lundstrom to approve June 8, 2005 minutes. Motion approved unanimously.

2. Executive Director's Report

Executive Director Tackabery announced the July 8, 2005 appointment of Dianne Steinhauser as TAM Executive Director. She will begin her work with TAM on August 24, 2005. Dianne plans on attending the July 28, 2005 meeting to observe.

He announced the Marin County Transit District would be holding meetings at 7:30 PM on July 20 for Southern Marin, July 25 for Northern Marin, July 28 for Ross Valley, and August 3 for Central Marin.

He reported we are still looking for an application for the Oversight Committee from Central Marin, an alternate from Ross Valley, an alternate from West Marin, and one from school districts. The openings are posted on the Website.

The Technical Advisory Committee still needs a Business Representative.

3. TAM & Measure A Logos

Sarah-Layton Wallace of CirclePoint brought back revisions to the look and feel options for TAM and Measure A logo.

There was consensus to forward to the Commission the revised logo with the mountain ending in the A and the TAM Measure A logo circle with icons.

4. Administrative Set-up

Executive Director Tackabery reported on Administrative Set-up report with timeline for getting Retirement on board.

He reported that we have secured the domain name: tam.ca.gov and looked for consensus to use that instead of marintraffic.org. There was consensus to forward the new domain name to the Commission. Once the Website becomes live, there will be a link from the old to the new one.

Chair Pro-Tem Murray questioned if there were further discussions with the County about doing a streaming video. All staff reports are also available on the screen, so you can watch video and review staff reports at the same time. Staff will look into this option and the topic will be discussed at the September meeting.

Chair Pro-Tem Murray asked about real estate options. Executive Director Tackabery stated a new space could be searched for once decision criteria are developed. The new Executive Director will be in Room 322 for six to eight months.

Commissioner Tremaine asked about the two options for Liability Insurance. Executive Director Tackabery reported Option a) was for Primary General Liability (\$26,279) plus Excess Liability (\$65,093), the total would be \$90,000 per year. With Option b). Excess Liability (\$65,093) with \$100,000 Self Insurance Reserve it would not be necessary to purchase Primary. Staff is looking at less costly options.

5. Strategic Plan Policy Issues

Executive Director Craig Tackabery introduced Strategic Plan Policy Issues. The Plan will be an iterative process over the next several months, as we balance the needs and implementation of all Measure A strategies against available funding over the 20-year life of the sales tax. The questions herein begin to address the methodologies to be used in development of the financial plan included in the Strategic Plan. It is envisioned these issues will be incorporated into the overall goals & objectives of the Plan. He introduced Trudy Presser of Nolte Associates to walk through the recommendations.

Chair Pro-Tem Murray questioned election costs. Executive Director Tackabery responded that the original number given was \$350,000. When final billing was received he felt that possibly the division between the expenses for Measure A and Measure B need to be reviewed. He will be attending a meeting on Monday to discuss.

Trudy Presser reported that some items would be skipped over today, and that the numbering system is the same as the last meeting for consistency. She introduced item 1 as follows:

The Sales Tax Expenditure Plan, page 2, states tax revenue available is net expenses for administration, debt service and bond issuance costs. Per the plan, *Net Revenue* is assumed to be sales tax revenue collected less:

- Board of Equalization administration fees
- 1% of sales tax revenue generated for TAM administrative salaries and benefits
- 4% of sales tax revenue generated for TAM administration
- Debt service and bond issuance costs

The above costs will be paid for from sales tax revenues, or “off the top”, before monies are made available for strategies. The following questions pertain to the off the top costs:

1. \$155,000 was spent on election costs. Should these costs be funded by Measure A or by other sources available to TAM?

Draft Response: Yes, election costs should be funded by Measure A and taken “off the top”. Per PUC 180203 (a), these are eligible Measure A costs.

There was consensus to accept the draft response.

Trudy Presser introduced item 2 as follows:

The Sales Tax Expenditure Plan assumes a \$30 M bond issue in the first year of the sales tax. Questions related to debt financing are:

- a) Of the \$30 M assumed to be bond issue off the top, is it assumed approximately \$25 M is dedicated to the 101 Gap Closure Project and \$5 M to other eligible projects?

Draft Response: Yes, in the \$30 M bond issue assumed in the Sales Tax Expenditure Plan, it is assumed approximately \$25 M is dedicated to the 101 Gap Closure Project and \$5 M to other eligible projects.

There was consensus to accept the draft response.

If yes and \$25 M is not needed for the Gap Closure Project, does the available off the top debt financing capacity increase for other eligible projects?

Draft Response: Considerations before responding to this question are:

- 1) Determining at what point in the delivery of the 101 Gap Closure Project can it be assumed the entire \$25 M bond, or portion thereof, is not needed for this project? To answer this, staff suggests the Executive Committee review an overall delivery schedule, with milestones and funding decision points for Segments 3 and 4: Gap Closure Project, to assess potential funding needs, including contingencies, to facilitate successful delivery of this project through completion. Staff intends on providing schedule and cost information at the August EC meeting. Relevant issues in reviewing cost and schedule data include:
 - a. Current project schedule indicates Segment 3 contract award in December 2005 and Segment 4 award in December 2006. Both segments are scheduled for construction to be completed by December 2008. Funding for Segments 3 and 4 are based on Caltrans cost estimates, based on past experience with similar projects. Actual construction contract amount will not be known until award. While cost estimates can be further refined after contract award, final project costs for both segments will not be known until projects are completed and all costs settled with contractor. all right of way, utility relocation and project administration costs are finalized.
 - b. Final costs for other project costs such as right of way, utility relocation and project administration will not be known until all work is completed and costs are finalized.
 - c. After the mainline construction is complete, the landscape phase will require funding.
 - d. Additional funding may become available for the Gap Project. Caltrans anticipates CTC will address project funding allocations for Segment 3 construction by August 2005, which could allow the already secured federal funding to be used for Segment 4.
- 2) Waiting for plans and justification from potential Measure A claimants to determine potential bond needs for other eligible projects and

There was a discussion regarding a need to develop a process and deadlines.

- 3) Further analysis of various debt financing options and amounts with objective of minimizing debt financing costs and limiting bond eligible projects to ones deemed justifiable.

There was consensus to accept the draft response.

- b) If debt financing is not issued in the first year of the sales tax, what amount should be assumed retained “off the top” each year, until debt financing is issued, assuming it will occur?

In response to a question about the timing of debt, Nancy Whelan, Consultant, replied a financial team would need to be selected 3 – 6 months in advance, with an RFQ process 3 months ahead of selection.

Draft Response: An amount sufficient to adequately secure anticipated debt financing plus anticipated issuance costs.

- c) If initial debt financing is issued for less than \$30 M, should the cost associated with issuance of a lower amount be assumed the only cost taken “off the top”, or should the SP assume additional debt financing (up to a total of \$30M) may occur later in the Measure program, and the associated cost will be “taken off the top”? If yes, how should the SP account for potential additional debt financing costs over time?

There were comments that for the first Strategic Plan period, TAM should preserve all options.

Draft Response: (To be discussed at a later date.)

Trudy Presser introduced item 3 as follows:

The Expenditure Plan allows for up to 1% of revenues generated will pay for salaries and benefits for administrative employees, and the plan assumed 4% of revenues generated will pay for other administration costs, totaling 5% annual administration cost. Given TAM is in start-up mode and administration costs can not be fully estimated, should the first SP assume a 5% administration cost taken off the top over the life of the Measure? If yes, can 5% be an average for administration costs over the first 5 years, allowing for possible early, one-time start-up costs?

Draft Response: Yes, a 5% annual off the top administration cost should be assumed over the life of the Measure.

The plan should:

- a. Allow for 1% of revenues generated per year for salaries and benefits for administrative employees, and
- b. Assume an average of 4% of revenues generated for other administrative costs over the first 5 years, then 4% per year, thereafter.

There was consensus to accept the draft response.

Trudy Presser introduced item 4 as follows:

The Sales Tax Expenditure Plan, Page 26, Section Bonding and Financing, 2nd paragraph, states “The Authority will also have the ability to set aside a reserve fund of up to 10% of the annual receipts from the tax for contingencies, to ensure that the projects included in this plan are implemented on schedule.”

Should the Authority retain a reserve from net revenues? If yes:

- a) For all strategies or for specific sub-strategies?
- b) At what percentage?
- c) For how long and/or to what minimum balance?

Draft Response: Yes, the Authority should retain a reserve from net revenues to provide a contingency plan.

To consider how the reserve is taken, staff will present at a future meeting various methods used at other agencies.

Comments included a reserve can be used for revenue “smoothing” to reflect cyclical changes, clarification of how a reserve will be used versus a project contingency, and that a reserve use policy is needed. There was consensus to accept the draft response.

Trudy Presser introduced item 5 as follows:

For sub-strategies identified as programs in table above, should allocations be made on the basis of actual cash received, per the percentages shown?

Draft Response: Yes. (Timing of disbursements to be considered at a later date.)

Trudy Presser introduced item 8 as follows:

Should any finance charges associated with use of funds in excess of “net revenues” available to each sub-strategy be charged against:

- a) Sub-strategy or
- b) Strategy or
- c) All strategies (i.e. “taken off the top”)?

Draft Response: a) sub-strategy

There was consensus to accept the draft response.

Trudy Presser introduced item 9 as follows:

Should program management costs directly associated with a sub-strategy be charged against:

- a) Sub-strategy or
- b) Strategy or
- c) All strategies (i.e. “taken off the top”)?

Draft Response: a) sub-strategy

There was consensus to accept the draft response.

Trudy Presser introduced item 11 as follows:

The following question pertains to the development of the Strategic Plan:

Should the first Strategic Plan commit to a Measure A funding schedule for all sub-strategies over a specified number of years? If yes, how many years?

Draft Response: The Strategic Plan should provide an estimate of the annual Measure A fund programming over the 20-year life of the measure. Near-term specificity in funding for all sub-strategies should be consistent with claimant expenditure plans.

There was consensus to accept the draft response.

6. Review of January 2004 Direction to Prioritize State Transportation Improvement Program (STIP) Deleted Projects

Executive Director Tackabery reported that on January 29, 2004, the CMA reprogrammed its funds programmed for local projects to the 101 HOV Gap Closure for right-of-way due to a shortfall. At the time, the CMA adopted a commitment to fund the lower priority local projects with other local funds (TE, STP, and CMAQ) as they became available.

Two opportunities to fund projects have occurred since that time. Local road rehab projects were funded with STP funds on June 24, 2005 and non-road rehab projects were funded with TE funds on May 26, 2005. A summary of the projects was provided in the staff report.

Chair Pro-Tem Murray suggested reviewing the list.

The consensus was to consider the backfill efforts completed and review new projects on their own merits.

7. Open Time for Public Expression

Don Wilhelm questioned if we have limited funds why is MCTD asking the community to come up with a wish list of new transit services. Chair Pro-Tem Murray said her understanding was that they were presenting short-range transit plans and getting feedback.

Chair Pro-Tem Murray adjourned the meeting at 3:39 PM.

DRAFT